



SENT TO COUNCIL

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Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Leslye Corsiglia

**SUBJECT: PRODUCTION REPORT FOR
JULY 1 – SEPTEMBER 30, 2004**

DATE: November 23, 2004

Approved

Date

11. 29. 04

COUNCIL DISTRICT: Citywide

INFORMATION

This report covers activity in the Housing Department's Project Development Program for the first quarter of the 2004-05 Fiscal Year. The objective of the Project Development Program is to increase, preserve, and improve the supply of affordable housing in San Jose.

In Fiscal Year 1999-00, the City Council approved a Five-Year Housing Spending and Operations Plan, calling for the development of 6,036 units of affordable housing by June 30, 2004. The City exceeded this goal with 6,080 units completing acquisition/construction as of June 30, 2004. The Mayor and City Council have set a new target of 6,000 additional units to be completed by June 30, 2009.

Currently, 2,258 affordable units are in various pre-construction stages of the development process (Planning, Application on File, and Fund Reservation) (see **Attachment I**). In addition, 1,073 units are currently under construction. **Attachment II** details the status of the six large, new construction projects funded by the Housing Department that are currently under construction.

Financing Activity

Faced with declining tax-increment revenues, last fiscal year the City Council approved a new funding strategy for the affordable housing program. Under this strategy, the Housing Department has issued two Notices of Funding Availability (NOFAs) and made funding commitments to five projects. The Housing Department completed the following affordable housing financing transactions related to these projects during the first quarter:

- On August 25, 2004, a \$10,250,000 acquisition and predevelopment loan for the Paseo Senter Family Housing project, Phases I and II, in District 7 was closed.
- On August 25, 2004, a \$200,000 conditional grant for the Paseo Senter Family Housing project, Phases I and II, in District 7 was closed.

City Council Actions

On September 29, 2004, the City Council and Redevelopment Agency Board jointly took action to further the development of affordable housing in San José by delegating to the Director of Finance the ability to hold Tax Equity and Fiscal Responsibility Act of 1986 hearings ("TEFRA hearings") for projects to be included in an application to the California Debt Limit Allocation Committee ("CDLAC") requesting an allocation of private activity tax-exempt housing set aside bonds, and for future issuances of private activity tax-exempt housing set aside bonds. The City Council and Redevelopment Agency Board also delegated to the Director of Housing the ability to file future applications to CDLAC for private activity bond allocations.

Also on September 29, 2004, the City Council and Redevelopment Agency Board jointly authorized the Director of Housing to file an application with CDLAC for an allocation of up to \$125 million in private activity bonds. If the City receives an allocation, the bonds will qualify for tax-exemption and the interest rate will be lower than on a taxable issue. Projections indicate that this will save the Department between \$750,000 and \$1,250,000 in annual debt service on these bonds. The bonds will allow the Department to refinance previous loans or to fulfill loan commitments made with respect to the projects listed below:

- Brooks House Apartments (District 6), a 63-unit senior rental development with \$3,325,000 in City financing that is eligible for refinancing.
- Cinnabar Commons Apartments (District 6), a 245-unit family rental development with \$5,204,967 in City financing that is eligible for refinancing.
- Hacienda Villa Creek Apartments (District 3), an 80-unit senior rental development with \$26,425 in City financing that is eligible for refinancing.
- Oak Tree Village (District 2), a 175-unit family rental development with \$1,447,829 in City financing that is eligible for refinancing.
- Fallen Leaves Apartments (District 7), a 160-unit family rental development with \$3,631,294 in City financing that is eligible for refinancing.
- Evans Lane Apartments (District 6), a 236-unit family rental development with \$1,368,706 in City financing that is eligible for refinancing.
- Summer Crest Apartments (District 6), a 66-unit senior rental development with \$3,052,171 in City financing that is eligible for refinancing.
- Turnleaf Apartments (District 1), a 152-unit family rental development with \$2,775,000 in City financing that is eligible for refinancing.
- Almaden Family Apartments (District 7), a 225-unit family rental development with \$13,775,000 in City financing that is eligible for refinancing.

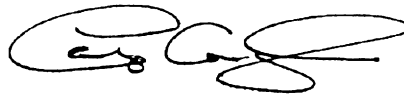
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- Delmas Park Apartments (District 6), a 123-unit family rental development with \$5,361,309 in City financing that is eligible for refinancing.
- Fairgrounds (HACSC) (District 7), a 170-unit family rental development with \$8,378,250 in City financing that is eligible for refinancing.
- Fairgrounds (ROEM) (District 7), a 130-unit rental development with \$10,856,800 in City financing that is eligible for refinancing.
- Paseo Senter I (District 7), a 117-unit family rental development with \$6,943,800 in City financing that is eligible for refinancing.

As the need for affordable housing in San Jose continues to grow and resources remain limited, the Housing Department continues to seek and utilize all available opportunities to meet the affordable housing production goals set by the Mayor and City Council.



LESLYE CORSIGLIA
Director of Housing

Attachments:

- Attachment 1 -- Highlights of activities since 1999, as of September 30, 2004.
- Attachment 2 -- Summaries of the large projects currently under construction.

cc: Housing Advisory Commission



Highlights of Activities - July 1, 1999 to September 30, 2004

NEWLY CONSTRUCTED UNITS

	Planning Stage	Application on File¹	Fund Reservation¹	Under Construction	Completed	Total
Housing Department Funded New Construction	1	0	1469	957	4,087	6,514
Inclusionary / New Construction	610	0	0	116	548	1,274
Total Units	611	0	1469	1,073	4,635	7,788

ACQUISITION/REHABILITATION UNITS

	Planning Stage	Application on File¹	Fund Reservation¹	Under Construction	Completed	Total
Housing Department Acquisition / Rehabilitation	0	174	0	0	1,679	1,853
Inclusionary Acquisition/ Rehabilitation	4	0	0	0	0	4
Total Units	4	174	0	0	1,679	1,857

TOTAL PRODUCTION

	Planning Stage	Application on File¹	Fund Reservation¹	Under Construction	Completed	Total
	615	174	1,469	1,073	6,314	9,645

Housing Department Preservation Units (Do Not Count Toward 1999-04 Five-Year Plan Goals)

	Planning Stage	Application on File¹	Fund Reservation¹	Under Construction	Completed	Total
	0	0	0	0	727	727

¹ Not relevant to Agency-assisted and Inclusionary Units

CINNABAR COMMONS

District 6

Developer: Cinnabar Commons, L.P.
(Seven Hills Properties)

Location: West side of Stockton Avenue
between Lenzen Avenue and
Cinnabar Street

Units: 245 units of family housing; 49 VLI/
194 LI/2 unrestricted manager's units

Council Action: Approval on January 14, 2003
of an additional funding
commitment of \$14,046,000
for construction financing.

Delegation Action: Approval of construction/
permanent loan terms in July
2003. Revised loan terms
developed through mediation
on September 23, 2004.

City Funds (Permanent): up to \$24,056,000

Subsidy/Unit: \$98,997

Estimated Project Cost: \$70,045,000

Construction started in March 2004.
Completion is anticipated in December 2005.

Photos:

TOP: A view from Stockton Ave. looking
west at post tension deck.

MIDDLE: A view from Cinnabar St. looking
east at first floor framing.

BOTTOM: Looking east at parking garage
entrance.



EVANS LANE (JSM)

District 6

Developer: JSM Enterprises Incorporated

Location: Northerly terminus of Evans Lane (a.k.a., southerly quadrant of Highway 87 and Almaden Expressway interchange)

Units: 239 units of family housing;
35 ELI/ 39 VLI/ 163 LI/ 2 unrestricted manager's units

Council Action: Approval on September 24, 2002, of an increase in grant of ELI funds, for a total grant of \$4,025,000, and an increase in the number of ELI units from 24 to 35.

City Funds: \$19,687,809

Subsidy/ELI Unit: \$115,000

Subsidy/VLI & LI Unit: \$77,539

Estimated Project Cost: \$58,444,169

Construction started in July 2003. Completion is anticipated in phases between November 2004 and May 2005.

Photos:

TOP: Looking north-east at Building 1 entrance.

MIDDLE: View of south elevation of Building 2.

BOTTOM: View of east elevation of Building 2.



LAS MARIPOSAS

District 5

Developer: Mexican American
Community Services Agency
(MACSA)

Location: Northeast corner of Alum
Rock Avenue and Jose
Figueres Drive.

Units: 66 for-sale units.

Council Action: Approval of construction loan
and second-mortgage take-out
financing February 24, 2004.

City Funds: \$4,811,662 (including a
\$630,000 grant from the
Redevelopment Agency)

Subsidy/Unit: Up to \$ 50,000 per homebuyer

Construction started in March 2004, with
completion anticipated in Spring of 2005.

Photos:

TOP: View of front elevation from Alum
Rock Ave.

MIDDLE: Looking north at south elevation.

BOTTOM: Looking east at west elevation.



OAK TREE VILLAGE

(Formerly Branham & Monterey)

District 2

Developer: JSM Enterprises, Inc.

Location: Northeast corner of Branham Lane and Monterey Highway

Units: 175 units of family housing; 53 VLI/121 LI and 1 unrestricted manager's unit

Council Action: Approval on May 27, 2003 of a Disposition and Development Agreement – including construction and permanent financing – for the development.

City Funds: \$10,540,000

Subsidy/Unit: \$60,575

Estimated Project Cost: \$50,213,000

Construction started in October of 2003.
Completion is anticipated in March of 2005.

Photos:

TOP: A view from Branham Lane looking at the south elevation.

MIDDLE: A view of the east elevation of the project.

BOTTOM: Looking west at the inner courtyard.



POLLARD PLAZA APARTMENTS

District 7
Tully/Senter SNI

Developer: Story LIH, LLC

Location: East side of McLaughlin Avenue, southerly of Story Road and 1178 McLaughlin Avenue

Units: 130 units of housing with teacher preference: 13 VLI, 116 LI, 1 unrestricted manager's unit.

Council Action: Approval on June 18, 2002 for construction/permanent loan business terms and authorization to issue bonds.

Delegation Action: Approval on October 29, 2002 of increase in construction loan by \$1,857,066 to \$12,162,117 and permanent loan by \$1,577,105 to \$9,486,839.

City Funds: Up to \$12,162,117 during construction and up to \$9,486,839 in the permanent loan.

Subsidy/Unit (at permanent): \$73,541

Estimated Project Cost: \$28,714,325

Construction started in January 2003.
Completion is anticipated in January 2005.

Photos:

TOP: A view of the interior courtyard steel trellis and finishes.

MIDDLE: Looking east at inner courtyard.

BOTTOM: Looking east at front elevation.



TIERRA ENCANTADA APARTMENTS

District 5

Developer: Community Housing
Developers

Location: South side of Alum Rock
Avenue east of McCreery
Avenue

Units: 93 units of family housing; 10 ELI/57
VLI/25 LI and 1 unrestricted manager's unit

Council Action: Approval on June 25, 2002 for
construction/permanent loans
and grant funding.

City Funds: \$4,600,000

Subsidy/ELI Unit: \$100,000

Subsidy/VLI & LI Unit: \$43,904

Estimated Project Cost: \$25,168,235

Construction started in July of 2003.
Completion is anticipated in January of 2005

Photos:

TOP: A view of the interior courtyard and
community center.

MIDDLE: A view of the west elevation of the
building.

BOTTOM: Looking east from Alum Rock
Ave. at north elevation.

